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MARCH 15 - 19: THIS WEEK

The House reconvened on Monday and may take up the Senate-passed **health care overhaul** bill this week. As part of a two-step strategy to pass the legislation, the **House Budget Committee** will mark up a health care reconciliation bill Monday. The House will also consider several suspension bills and FAA reauthorization legislation.

The Senate reconvened on Monday and will consider **HR 2847, the Hiring Incentives to Restore Employment Act**, which is a package of tax breaks and programs intended to create jobs. Later in the week, the Senate also may take up FAA reauthorization legislation, with a long list of amendments pending.

Budget/Appropriations

On Wednesday, House Democratic leaders announced that no congressionally directed spending projects, or earmarks, would be given to for-profit entities in the FY 2011 appropriations bills. One day later, the House Republican Conference voted to approve a one-year moratorium on all earmarks in appropriations bills as well as authorizing and tax legislation. The earmark ban is only set to last for one year, and apparently does not have a lot of support from either Democrats or Republicans in the Senate. However, the Senate Republican Caucus plans to meet this week to discuss the issue.

Leader John Boehner (R-Ohio) chose **Reps. Paul Ryan (R-Wis.), Dave Camp (R-Mich.) and Jeb Hensarling (R-Texas)**, while **Senate Minority Leader Mitch McConnell (R-Ky.)** picked **Sens. Judd Gregg (R-N.H.), Michael Crapo (R-Ind.) and Tom Coburn (R-Okla.)**. The Senate Democrats who have been named to the panel include **Budget Committee Chairman Kent Conrad (D-N.D.), Finance Committee Chairman Max Baucus (D-Mont.) and Majority Whip Richard Durbin (D-Ill.)**. The remaining empty seats are for House Democrats and **Speaker Nancy Pelosi (D-Calif.)** is expected to announce her picks very soon.

Last week, Republican leaders named their picks for President Obama's fiscal commission. **House Minority**

Banking/Financial Services

After negotiations with Republicans on the **Senate Banking Committee** once again stalled, **Chairman Chris Dodd (D-Conn.)** introduced financial regulatory overhaul legislation and said he plans to hold a markup the week of March 22, 2010. For the last month, Chairman Dodd had been working with **Sen. Bob Corker (R-Tenn.)** to work out partisan differences, especially in regards to the structuring of the proposed consumer financial protection agency.

Under the legislation unveiled by Chairman Dodd, the new Consumer Financial Protection Bureau would be housed at the Federal Reserve. The legislation also includes a number of other provisions, including limits on "too big to fail" institutions. **Ranking Member Richard Shelby (R-Ala.)** met with **Treasury Secretary Timothy Geithner** last Thursday to reiterate that the consumer protection agency plans continue to impede Republican support.

Defense

Several hearings were held last week to examine the Department of Defense FY 2011 budget request. The **Senate Armed Services Committee** learned on Thursday that the Pentagon F-35 Joint Strike Fighter program will cost tens of billions of dollars more than previously expected and will be fielded much later than officials recently predicted. According to the Government Accountability Office, the most recent projection of the total cost of the program is \$322.6 billion, which includes the development and procurement of 2,457 jets for the Air Force, Navy, Marine Corps and U.S. allies. This price

amounts to 62 percent more per plane than originally estimated in 2001. The dramatic cost hike would trigger a breach of the limits set out in the 1982 Nunn-McCurdy law, which was renewed last year and requires the Pentagon to either terminate programs with such "critical" cost hikes or justify their continuation inside the Defense Department and in a report to Congress. Lawmakers expressed concern over the rising cost to taxpayers, and **Chairman Carl Levin (D-Mich.)** said that the Committee has strongly supported the F-35 program, but that backing is contingent on proper management of the program.

Education

Over the weekend, **Secretary of Education Arne Duncan** confirmed that he would be sending the Administration's blueprint for the reauthorization of the **Elementary and Secondary Education Act**, known as No Child Left Behind, to Congress this week. The blueprint would require schools to adopt more rigorous college- and career-ready

standards, de-emphasize standardized tests as the measure of student and school performance, and reward schools and districts that do well. Secretary Duncan will testify on Wednesday, March 17, before both the **Senate Health, Education, Labor and Pensions Committee** as well as the **House Education and Labor Committee**.

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Energy/Environment/Climate Change

On Tuesday, representatives from 14 industry groups including the **National Association of Manufacturers** and **U.S. Chamber of Commerce**, met with **Sens. John Kerry (D-Mass.)**, **Joseph Lieberman (I-Conn.)** and **Lindsey Graham (R-S.C.)**, to discuss their new approach to crafting bipartisan climate change legislation. Following the meeting which was said to be very productive, President Obama invited a bipartisan group of

senators to the White House to discuss the plan. The current approach to writing the legislation is a section-by-section plan; **Sens. Carl Levin and Debbie Stabenow (D-Mich.)** and **Sherrod Brown (D-Ohio)** are working on the manufacturing section and addressed the needs of their home state industries, mainly the concern about creating jobs, in the meeting with President Obama.

Health Care

On Friday, Speaker Nancy Pelosi outlined provisions of the health care corrections bill that she hopes will be voted on this week. Some provisions include eliminating the so-called "Cornhusker kickback," which would have given only Nebraska financial relief from Medicaid costs. It would also speed up closing a gap in Medicare's prescription drug benefit, limit the tax on Cadillac plans in ways she did not specify and would include another tax she did not identify. Speaker Pelosi has also said that a public option will not be in this bill. The bill will be considered under budget reconciliation rules. However, the House's work on health care legislation will not be complete until it passes both the reconciliation bill and the Senate health care reform bill. After first suggesting that the Senate-passed health care reform bill must be signed into law before

reconciliation could be used to make corrections, the Senate Parliamentarian acknowledged that there might be a way for reconciliation to move first. However, the Parliamentarian indicated that if the House passes a reconciliation bill first, there will be difficult procedural hurdles for the Senate to overcome. Reconciliation bills face strict guidelines, and Senate Republicans are vowing to raise objections to any portion of the legislation they feel breaks the rules.

Also on Friday, **Majority Leader Steny Hoyer (D-Md.)** stated that he is prepared to move forward on the health care bill without a deal on abortion. Democratic leaders have been in negotiations with a dozen Democrats who want tougher restrictions on federal funding for abortion included in the bill.

Immigration

On Wednesday, **Sen. Charles Schumer (D-N.Y.)** said that he and Sen. Graham were very close to a deal on an immigration overhaul legislation. Sen. Schumer and President Obama met on Thursday and vowed to press for a bipartisan immigration bill. He committed to helping produce a framework for immigration reform by March 21, 2010. He promised to work

with Senators to bring a bill to the floor, but could not commit to making it happen. He gave no details on a timeline. **Rep. Steve King (R-Iowa)** publicly rebuffed the idea of a comprehensive bill that advances a pathway for legalization for illegal immigrants.

Insurance

On Wednesday, **Reps. Dennis Moore (D-Kan.)** and **John Campbell (R-Calif.)** introduced **HR 4802, the Risk Retention Modernization Act of 2010**. The legislation allows risk retention groups to write commercial property coverage and gives the Treasury Department authority to review disputes between risk retention groups and non-domiciliary state regulators. The legislation also provides that the Treasury Department shall issue corporate governance standards for risk retention groups. The bill, which was referred to the House Financial Services Committee, has support from numerous industry groups including the National Risk Retention Association, the Self Insurance Institute of America and the Risk Insurance Management Society.

available to eligible state programs. Several insurance trade associations voiced their opposition to the bill at the hearing.

On Sunday, March 7, the **National Conference of Insurance Legislators ("NCOIL")** unanimously approved two resolutions that reject new federal insurance proposals. The first resolution urges the **Senate Banking Committee** to exclude the insurance industry from systemic risk regulation, federal resolution authority, and assessments to fund the resolution of systemically risky financial firms. It argues that insurance activities generally do not create systemic risk and that existing state guaranty fund systems are the appropriate venues to unwind failing insurance companies. The second resolution reiterates NCOIL's long-standing opposition to a new federal insurance office.

On Wednesday, the **Housing and Community Opportunity** and the **Capital Markets, Insurance and Government Sponsored Enterprises Subcommittees** held a joint hearing on **HR 2555, the Homeowners Defense Act**. The bill introduced by **Rep. Ron Klein (D-Fla.)** with 73 bipartisan co-sponsors, establishes a national catastrophe risk consortium and provides that the Treasury Department shall make reinsurance coverage

The **Restoring American Financial Stability Act of 2010**, financial services regulatory reform legislation unveiled by Chairman Dodd on Monday, includes provisions creating a federal Office of Insurance Information and provisions streamlining regulation of surplus lines insurers.

Tax

House Democrats want to use two revenue raising offsets in the tax extenders bill passed by the Senate on March 10, for health care reform legislation. The move would make it easier to pass the health care reform bill, but harder to pass the tax bill, which would also extend economic safety-net

programs. Some provisions of the tax bill include, extending, for one year, over \$30 billion in tax breaks that expired at the end of 2009, extending long-term unemployment benefits and health insurance subsidies for the unemployed until December 31, 2010.